ACTION/INFO

IM/R	REP	AF
ARA	EUR 3	FE
NEA 4	CU 5	INR
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AGR 1	COM 2	FRB
INT	LAB 2	TAR
TR 2	XMB	AIR 15
ARMY 15	CIA 15	NAVY 14
OSD 12	USIA 11	NSA 13
	HEW 1	NSC 2

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1963 FEB 13 AM 11 49

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FROM: Amembassy JIDDA

DATE: February 7, 1963

SUBJECT: Joint Weeka No. 5

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POLITICAL/ECONOMIC

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6. Marshall Negotiating Red Sea Oil Concession. American oil independent James W. MARSHALL reportedly is negotiating with the recently established General Petroleum and Minerals Organization (GEPEMO) to form a joint venture to exploit possible oil resources along the Saudi Red Sea coast. (UNCLASSIFIED)

Comment: Marshall had a drilling concession in Syria between 19[redacted] and 1958, which it was cancelled by the UAR Government. (UNCLASSIFIED)

7. SAS/TWA Negotiations Continue. Following its presentation of a new draft contract for Saudi Arabian Airlines (Weekly No. 3), TWA negotiating team of BUCKINGHAM and PECK returned to Jidda February 2 to begin full-scale negotiations. Team was invited to Riyadh February 6 for talks with MOHA Prince SULTAN who, on February 5, reportedly had presented to Council of Ministers cases for divorcing Saudi Airlines from direct governmental control. TWA negotiators have voiced cautious optimism that mutually acceptable contract will be obtained. (SECRET/NO OBJECTION)

[redacted]

[redacted]

2. USMTM Agreement Negotiations. Ambassador and Embassy officers met February 4 with Deputy Foreign Minister Thaq SACSAF to initiate discussions of new USMTM agreement. US team was impressed with Foreign Office's care in preparing its case. There are grounds for optimism that negotiations will proceed rapidly. (NOFORN/OFFICIAL USE)

PSYCHOLOGICAL

1. Joint Military Exercises. Saudi press media gave straight news play to joint US-SAC military exercises scheduled for February 5 and 6 in Jidda and Riyadh with statement issued by Saudi Army Directorate of Public Affairs. Statement mentions that "Saudi paratroopers...together with American paratroopers will carry out air supply exercises...to secure the maximum possible benefits for our paratroopers from such joint exercises." Statement concluded with assurance that Saudi Air Force training operations will follow exercises. (AIRGRAM, Jidda, February 3). (UNCLASSIFIED)

[redacted]

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[redacted]

For the Ambassador:

Nicholas G. Thacher

Nicholas G. Thacher
Counselor of Embassy

[redacted]